



Real Possibilities in

# Connecticut

**Testimony of AARP Connecticut on  
S.B. 925 AAC THE COST OF PRESCRIPTION DRUGS AND VALUE-BASED  
INSURANCE DESIGN  
Insurance & Real Estate Committee**

Dear Members of Insurance & Real Estate Committee,

AARP supports the objective and goals outlined in S.B. 925 AN ACT CONCERNING THE COST OF PRESCRIPTION DRUGS AND VALUE-BASED INSURANCE DESIGN. AARP is a nonpartisan, social mission organization with an age 50+ membership of nearly 38 million nationwide, and approximately 600,000 here in Connecticut. AARP empowers people to choose how they live as they age. We believe that state law should ensure that older adults have access to the prescription drugs they need, at a price they can afford.

According to an Rx Price Watch report from AARP's Public Policy Institute, the average annual cost of widely used brand drugs was over \$5,800 per year in 2015. This amount was almost \$1,000 higher than the average annual cost of therapy in 2014. For an average older American taking 4.5 prescription drugs per month, this translates into an average annual cost of therapy of \$26,000, which exceeds the median income for Medicare beneficiaries (\$24,150).

As if this weren't bad enough, prices continue to grow after they come on the market. Prices for widely used brand name drugs increased by 15.5% in 2015, and these price increases are not limited to brand name drugs. GAO recently reported that over 300 generic drugs have had "extraordinary" price increases of more than 100% between 2010 and 2015. Moreover, there is evidence that the problem will only get worse in the future; expensive specialty drug approvals have exceeded traditional drug approvals since 2010. And, close to half of drugs in the late stage of the FDA approval process are expensive specialty drugs.

Skyrocketing drug prices are pushing critical medications out of reach for those who need them—especially older adults. Speaking specifically about the population that AARP represents, 3/4 of Americans age 50+ take a prescription drug on a regular basis, and they typically use them for chronic conditions. Thus, when we talk about high prescription drug costs, we aren't talking about one-time costs—we're talking about costs that patients are often facing every year for the rest of their lives. Most Medicare beneficiaries live on very modest/fixed incomes and limited savings. They do not have the resources to absorb the high and increasing costs associated with expensive drugs.

But, the problems created by high prices are not limited to people who are actually taking prescription drugs. Spending increases driven by high and growing drug prices will eventually affect all Americans in some way:

- Passed along to everyone with health coverage in the form of increased health care premiums, deductibles, and other forms of cost sharing.
- Increases costs for taxpayer-funded health programs like Medicare and Medicaid, which will eventually affect all Americans in the form of higher taxes, cuts to public programs, or both.

The bottom line is that the costs associated with prescription drugs are not sustainable for patients, employers, or taxpayers.

It's time to shine light on skyrocketing prescription drugs prices and ensure that Connecticut residents get a fair deal for prescription drugs. AARP supports elements of S.B. 925, which would require manufacturers of pharmaceutical drugs to disclosure price information. We also support the adoption of value-based insurance design and further recommendations to make prescription drugs more affordable to Connecticut residents.

AARP calls on legislators to take proactive steps this session to protect seniors and all taxpayers from being overcharged for life-saving prescription drugs. We look forward to working with you to develop the policy proposals contained in S.B. 925. Thank you.